



# MSPO CERTIFICATION SUMMARY REPORT

## SPOC S19 BUKIT GARAM

ANNUAL SURVEILLANCE 11

Onsite Audit Date: 26/09/2022 – 29/09/2022

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# MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board (MPOB)  
Certifying Unit: SPOC S19 Bukit Garam  
Client Number: 92- 082  
Audit Type: ASA 11  
Mode of Audit: Onsite

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## ABBREVIATIONS

<b>CHRA</b>	Chemical Health Risk Assessment
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>DOE</b>	Department of Environment
<b>EFB</b>	Empty Fruit Bunch
<b>EIA</b>	Environment Impact Assessment
<b>FFB</b>	Fresh Fruit Bunch
<b>GAP</b>	Good Agriculture Practices
<b>GPS</b>	Global Positioning System
<b>HBV</b>	High Biodiversity Value
<b>IPM</b>	Integrated Pest Management
<b>ISO</b>	International Standard Organisation
<b>LKN</b>	Latihan Khidmat Nasihat
<b>MPOB</b>	Malaysian Palm Oil Board
<b>NC</b>	Non Conformity
<b>OSH</b>	Occupational Safety and Health
<b>P&amp;C</b>	Principle and Criteria
<b>PPE</b>	Personal Protective Equipment
<b>RTE</b>	Rate, Threatened and Endangered
<b>SA8000</b>	Social Accountability 8000
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure
<b>SPOC</b>	Sustainable Palm Oil Cluster
<b>WHO</b>	World Health Organization

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## 1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct an initial surveillance eleven (11) audit for SPOC S19 Bukit Garam according to MS 2530-2:2013 Part 2 General Principles for Independent Smallholders.

### 1.1. Objective

The objective of this audit is to assess the MPOB Cawangan SPOC S19 Bukit Garam as group manager managing the independent smallholders by an independent certification body for compliance of the applied standard.

### 1.2. Scope

The assessment is based on the documentation established by MPOB Cawangan SPOC S19 Bukit Garam in managing the independent smallholders' scheme.

The supporting documents are provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria mentioned below. TÜV NORD has employed a risk-based approach in the verification, focusing on the identification of significant risks and reliability of the monitoring and reporting.

The assessment is carried out on the basis of the MS 2530-2:2013: Part 2: General principles for independent smallholders.

The following references are used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked:

1. Kod Amalan Baik (GAP) Perkebun Kecil, Malaysia Palm Oil Board;
2. Guidelines for Development of a Standard Operating Procedure for Oil Palm Cultivation on Peat.

### 1.3. Appointment & Qualification of Audit Team Members

The audit team appointed consists of the team leader and 2 team members. The team contribute to the review of documents, assessment of the project activity and preparation of the report.

#### Qualification of the Lead Auditor: Ariff Bin Lokman

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology;	Graduate in Plantation Industry and Management.

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Requirement	Qualifications
vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	7 years working experience in oil palm plantations.
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS2530 series of standards for Lead Auditors
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified and appointed as lead auditor for MSPO scheme.
Field working experience in the palm oil sector, or demonstrable equivalent	7 years working experience in oil palm plantations.
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	7 years working experience in oil palm plantations.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course.
Health and safety auditing on the farm and in processing facilities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course.
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Successfully completed Basic SA 8000 training.
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course.
Completed High Conversation Value assessment	Attended and completed the HCV-HCS for producer online course.

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Requirement	Qualifications
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Able to communicate in Bahasa Malaysia and English.

### Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Muhammad Khairul Anuar Bin Azizul Hassan	Graduate in Plantation Industry and Management	Yes
	Mohamad Norhisham bin Mohd Salleh	Graduate in Applied Science (Major In Agrobiology).	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Muhammad Khairul Anuar Bin Azizul Hassan	7 years working experience in oil palm plantation	Yes
	Mohamad Norhisham bin Mohd Salleh	5 years working experience in oil palm plantations.	
Successfully completed MPOCC endorsed lead auditor training	Muhammad Khairul Anuar Bin Azizul Hassan	Successfully completed MS2530 series of standards for Lead Auditors	Yes
	Mohamad Norhisham bin Mohd Salleh	Successfully completed MS2530 series of standards for Lead Auditors.	
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Muhammad Khairul Anuar Bin Azizul Hassan	Qualified as auditor based on audit log.	Yes
	Mohamad Norhisham bin Mohd Salleh	Qualified as auditor based on audit log.	

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Requirement	Assessor	Qualification	Compliance
Field working experience in the palm oil sector or demonstrable equivalent Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Muhammad Khairul Anuar Bin Azizul Hassan	7 years working experience in oil palm plantations.	Yes
	Mohamad Norhisham bin Mohd Salleh	5 years working experience in oil palm plantations.	
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Muhammad Khairul Anuar Bin Azizul Hassan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Mohamad Norhisham bin Mohd Salleh	Successfully completed ISO 9001:2015 LA course.	
Health and safety auditing on the farms processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Muhammad Khairul Anuar Bin Azizul Hassan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Mohamad Norhisham bin Mohd Salleh	Successfully completed ISO 45001:2018 Lead Auditor course.	
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Muhammad Khairul Anuar Bin Azizul Hassan	Successfully completed SA 8000 Basic training	Yes
	Mohamad Norhisham bin Mohd Salleh	Successfully completed SA 8000 Basic training	
Environmental and ecological auditing or experience with organic agriculture. or Successfully completed Environmental Management Systems ISO 14001 standard	Muhammad Khairul Anuar Bin Azizul Hassan	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course.	Yes
	Mohamad Norhisham bin Mohd Salleh	Successfully completed IMS ISO 14001:2015 LA course.	
Completed High Conversation Value assessment	Muhammad Khairul Anuar Bin Azizul Hassan	Attended and completed the HCV-HCS for producers course.	Yes
	Mohamad Norhisham bin Mohd Salleh	Attended and completed the HCV-HCS for producers course.	

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Requirement	Assessor	Qualification	Compliance
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Muhammad Khairul Anuar Bin Azizul Hassan	Able to communicate in both Bahasa Malaysia and English.	Yes
	Mohamad Norhisham bin Mohd Salleh	Able to communicate in both Bahasa Malaysia and English.	Yes



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## 2. METHODOLOGY

The audit approach consists of the following steps:

- Appointment of team members;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Latest smallholders list;
- Audit planning;
- Background investigation, desk review of submitted documents;
- Assessment, inspections, interviews SPOC personnel, review of documentation;
- Review of SPOC management system;
- Reporting;
- Draft audit reporting;
- Technical review;
- Final audit reporting;
- Final approval, certification decision and issuance of certificate.

### Surveillance Eleven (11) Audit:

The surveillance eleven (11) audit conducted on site on 26/09/2022 – 29/09/2022 covering the following activities but not limited to below:

#### Onsite:

- Onsite visit, observations and inspections of farms management and activities;
- Interview smallholders;
- Reviewed revised and updated documentation established and implemented;
- FFB production records;
- Training records;
- Land titles and land application approvals;
- Review and closed out of observations raised during stage 1 or stage 2 or SA audit;
- Assessment reporting;

### Onsite Assessment

The audit of the smallholders is conducted according to the MS 2530-2:2013 Part 2 General Principles for Independent Smallholders.

The methodology for collection of objective evidence by means of physical site inspections, observation of tasks and processes, interviews of smallholders, SPOC officers, review of documentation and data.

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For this onsite audit, the number of selected independent smallholders are based on example table of ACB – OPMC Issue 2 dated 04/09/2020

The group of smallholders consists of 83 new members and 1,103 old members. The total number of smallholders for this audit are 1,186.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size  $S = 1.5\sqrt{1,186} = 51.66$  round up to the next integral 52.

As per OPMC 2 issue 2, from the sample size, the number of the new members are  $52 \times 75\% = 39$  and number of existing members are  $52 \times 25\% = 13$ .

The list of smallholders selected for the onsite assessment and inspection listed in Table 2-1 below:

**Table 2-1: List of Sample Smallholders**

Name	GPS Coordinates
Existing member(s)	
Suriah Binti Abdul	N 5.507950, E 117.858692
Jefrie Bin Sinyor	N 5.502533, E 117.826119
Aliaa Bin Ismail	N 5.542369, E 117.832304
Abdul Sukor Bin Abas	N 5.528964, E 117.833722
Nasriati Bin Patongai	N 5.597706, E 117.8213
Jasman Bin Jamaludin	N 5.56525, E 117.8219
Salim Bin Sadayar	N 5.501172, E 117.8204
Halijah Binti Musa	N 5.604381, E 117.8521
Mohammad Aidun	N 5.509878, E 117.8335
Norhayati Binti Anuar	N 5.574340, E 117.823384
Samshul Sakka	N 5.563983, E 117.8202
Ahmad Bin Latip	N 5.606419, E 117.8543
Chung Yuk Pin	N 5.540892, E 117.8195

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Name	GPS Coordinates
New member(s)	
Othman Bin Salleh	N 5.553784, E 117.830221
Mohammad Bin Abdillah	N 5.518283, E 117.8422
Edna Lucas	N 5.552492, E 117.833524
Suhana Binti Tola	N 5.567814, E 117.813689
Mariam @ Izanywatie Binti Basar	N 5.545821, E 117.820255
Siti Amirah Atiqah Louis Abdullah	N 5.527467, E 117.802789
Asrina Binti Taji	N 5.504034, E 117.831705
Mohd Adli Hamizan Bin Abd Razak	N 5.551518, E 117.805089
Syaziah Binti Mohd Zain	N 5.550080, E 117.805051
Noralisah Binti Awang	N 5.548462, E 117.805304
Sarimah Binti Piddin	N 5.476109, E 117.856580
Fredolixe Bin Dalusim	N 5.503760, E 117.858747
Ribi Bin Lonrong	N 5.565456, E 117.815052
Dirne Binti Baco	N 5.504778, E 117.836262
Ragimah Binti Abbas	N 5.539882, E 117.833415
Jaluren Bin Layang	N 5.550717, E 117.813650
Fazli Bin Kubin	N 5.519559, E 117.870815
Yahya Bin Mohammad	N 5.498191, E 117.865483
Sarkiah Binti Kamil	N 5.477130, E 117.858181
Rusli Bin Sakka	N 5.614411, E 117.859367
Rainih Binti Maharan	N 5.548489, E 117.809426

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Name	GPS Coordinates
New member(s)	
Mohd Jais Bin Abdullah @ George	N 5.504702, E 117.831867
Rahim Bin Borhan	N 5.543362, E 117.852607
Rozaidi Bin Amir Hamzah	N 5.504365, E 117.831756
Sulaiman Bin Mohammad	N 5.518145, E 117.837867
Nassir Bin Hasim	N 5.568756, E 117.816168
Samtikah Binti Jeppy	N 5.517959, E 117.838866
Nursuhada Binti Nasri	N 5.587539, E 117.835187
Anne @ Annie Binti Anthony	N 5.524524, E 117.867943
Norfaidah Binti Ghani	N 5.496344, E 117.819814
Anidah Binti Ismail	N 5.54650, E 117.820335
Mazliah Binti Jimran	N 5.546500, E 117.820335
Norasnijjah Binti Rasman	N 5.54943, E 117.813239
Rosdi Bin Mohd Abbas	N 5.494157, E 117.864911
Kasum Binti Sarom	N 5.506025, E 117.832447
Mohd.Khairunnaim Bin Sabarodin	N 5.501979, E 117.82731
Siti Azira Binti Gapar	N 5.544792, E 5.544792
Sulaiman Bin Mohammad	N 5.518145, E 117.837867
Hussin Bin Medeh	N 5.476063, E 117.855196

### Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major, Minor and Opportunity for Improvements (OFI) may be raised during the audit.

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Major non-conformance shall be addressed and responded with 60 days from closing date of audit. For minor non-conformances action plan to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be review and verify during the next audit.

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## 3. ORGANISATION INFORMATION

MPOB Cawangan SPOC S19 Bukit Garam, is a branch of MPOB located at Blok F, Lot 12, Tingkat 1, Bangunan Perkasa Reality Sdn Bhd 90200 Kinabatangan, Sabah, geo coordinates 5.5791'N, 117.8428' E is managed by a group manager and supported by a team officers to manage the cluster providing technical support, estate management skills and training as well as develop the independent smallholders' scheme around the Kinabatangan district.

The smallholders are located in Bukit Garam and Kinabatangan as shown in the below maps.

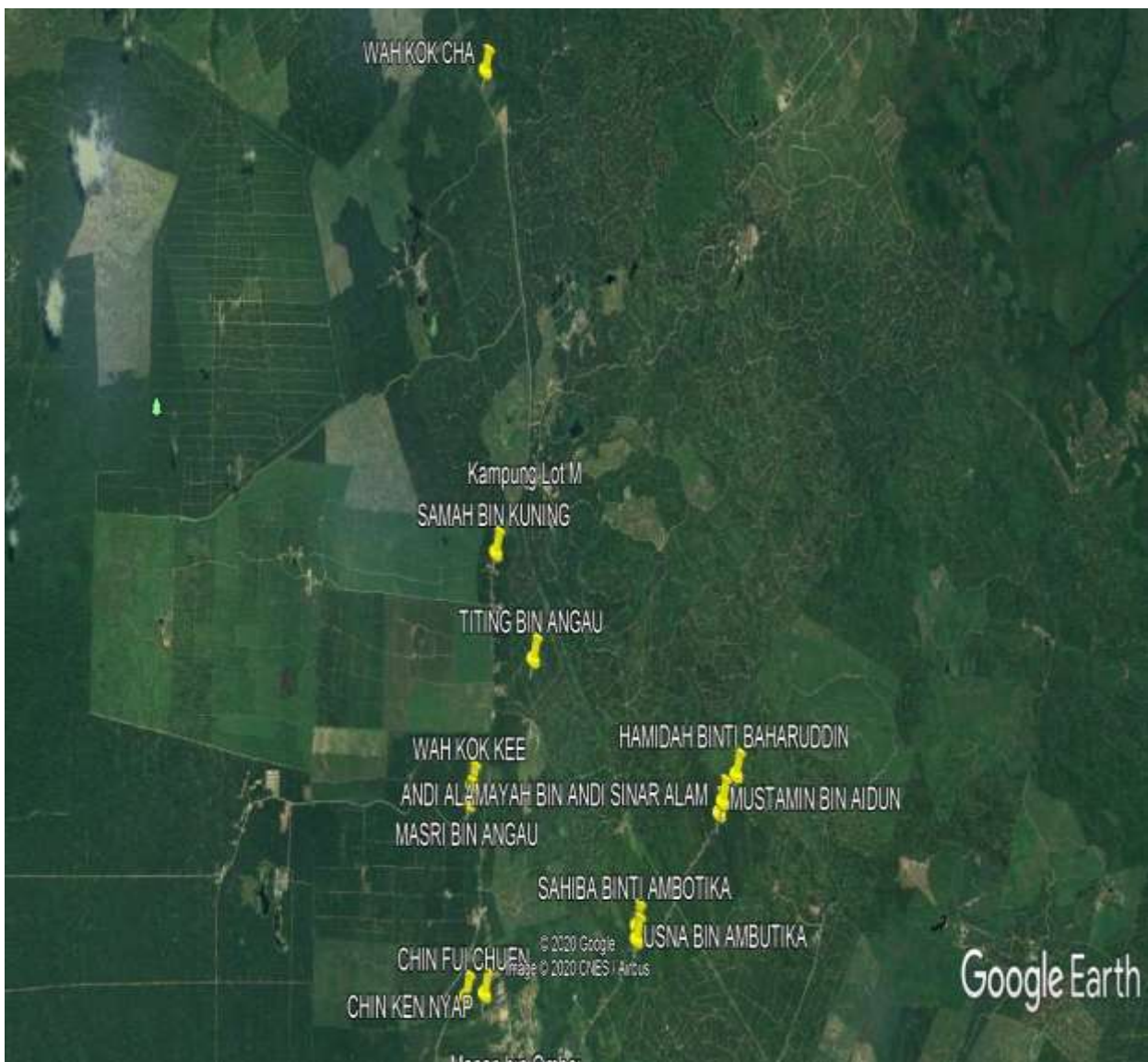


Figure 1: Smallholders location for SPOC S19 Bukit Garam

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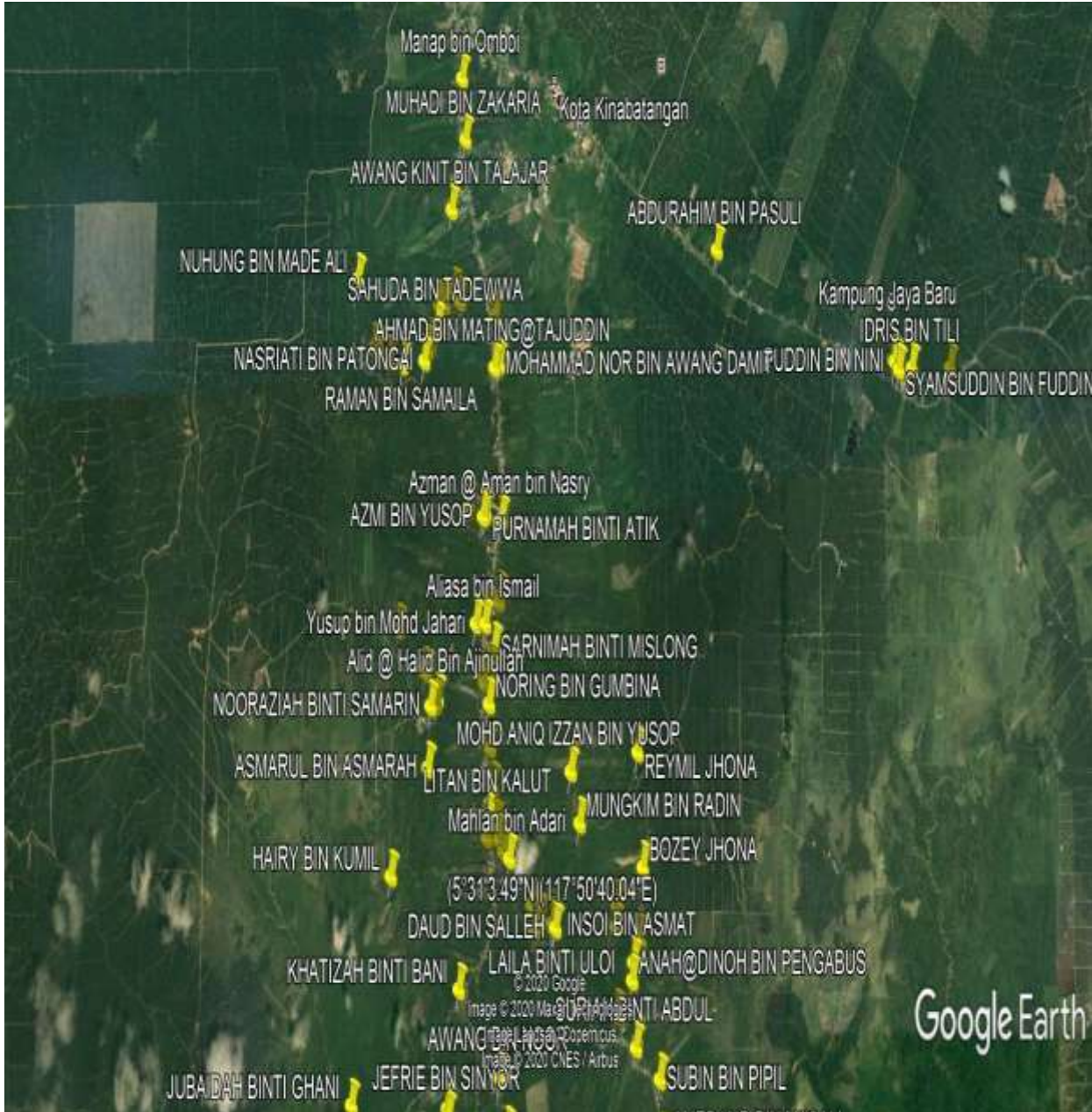


Figure 2: Smallholders location for SPOC S19 Bukit Garam

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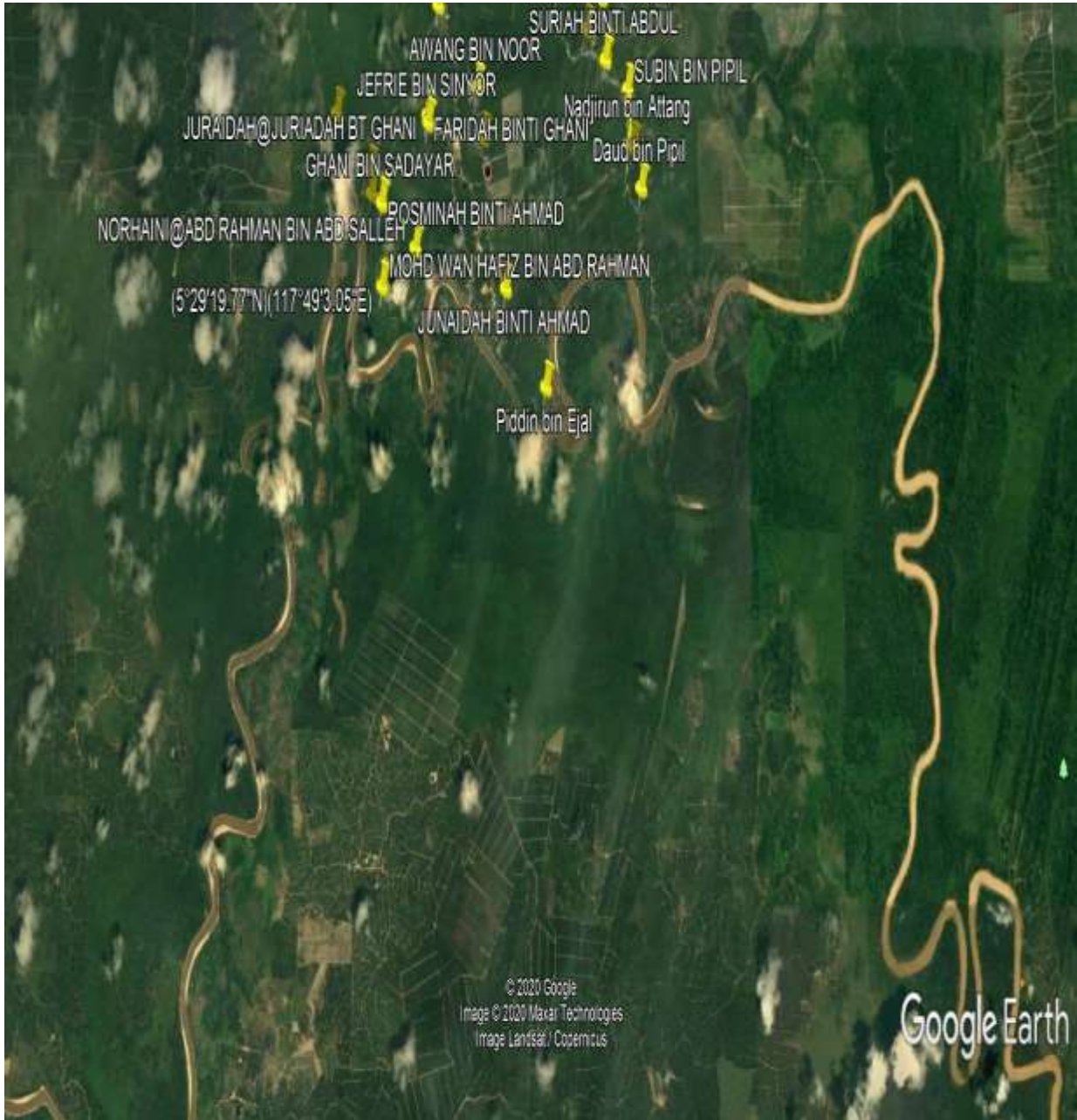
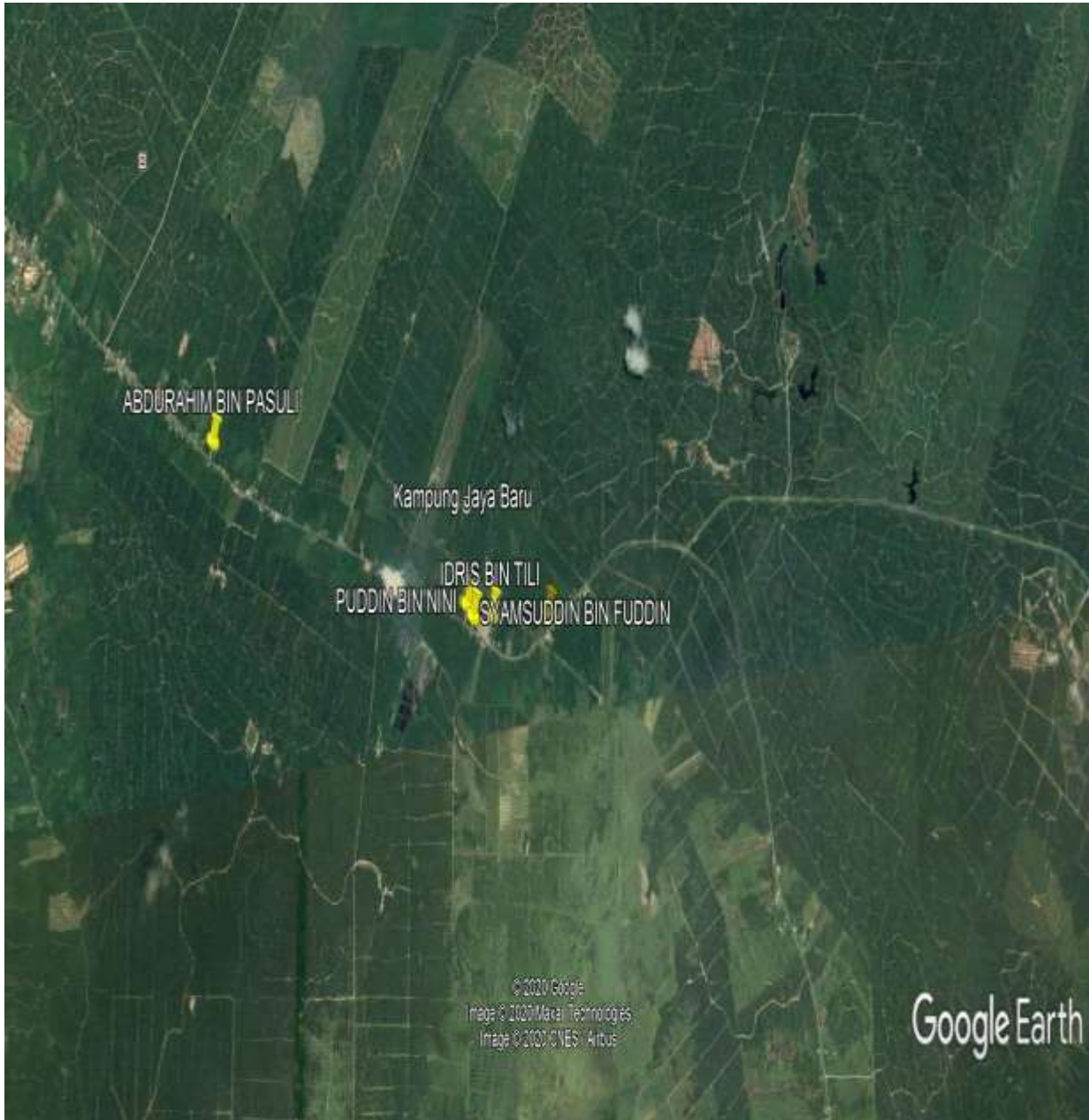


Figure 3: Smallholders location for SPOC S19 Bukit Garam



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**Figure 4:** Smallholders location for SPOC S19 Bukit Garam

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### 4. CERTIFICATION ASSESSMENT

#### 4.1. ASA 11

The objective of the audit is to assess the activities of MPOB Cawangan SPOC S19 Bukit Garam are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

##### 4.1.1. Surveillance Eleven (11):

The surveillance 11 audit is conducted on 26/09/2022 to 29/09/2022.

The number of smallholders in this surveillance audit are 1,186.

The number of smallholders 1,103 remain the same for this surveillance audit.

The number of smallholders joined during this surveillance audit are 83.

The audit team has applied the Malaysian Sustainable Palm Oil Part 2: General Principles for Independent Smallholders Audit Guidance to assess the establish documents against the Principles and Criteria of the standard.

The details of assessment of the indicators are at the summary of assessment in this report.

During the onsite the following were verified but not limited to below:

1. Compliance to legal requirements on the land title, land use rights and customary rights;
2. Training and competence;
3. Environmental management;
4. Waste management and disposal;
5. Health and safety;
6. Group Manager management system;
7. Best practice – farm management including fertilising, chemical spraying and harvesting.

During this surveillance eleven (11) audit, there is 1 Major and 5 OFI raised.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to Section 4.6 of this audit report.

#### 4.2. Stakeholders' Consultation

According to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit of the management unit, the CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

Therefore, there is no physical stakeholders consultation conducted for this surveillance audit.

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TUV NORD (Malaysia) Sdn. Bhd., has published the audit notification on 25/08/2022 to announce the audit of the certified unit. As at audit date on 26/09/2022 there are no comments received.

## 4.3. Summary of Assessment

Principle and Criteria Assessment Summary
<p>The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the applied MSPO 2530-2. The summary of the assessment is as below, where the "Findings/Comments" column reflects the findings in accordance with each indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below in section 4.6.</p>

Principle 1: Management Commitment & responsibility											
Indicator	Summary of Assessment	Compliance									
4.1.1.1	<p>SPOC S19 Bukit Garam adopted MPOB MSPO Policy document number MSPO/SSCC/POLISI-01 (rev 03) dated 01/08/2021 sign by Group Manager and displayed at the office notice board.</p> <p>SPOC S19 Bukit Garam adopted MPOB MSPO certification application with the MSPO policy included in the form duly agreed and signed by smallholders and acknowledged by SPOC S19 Bukit Garam Group Manager.</p> <p>Briefing on the MSPO policy conducted on 02/06/2022.</p> <p>Field interview with smallholders informed they understand on the MSPO policy briefing by the Group Manager.</p>	Yes									
4.1.2.1	<p>SPOC S19 Bukit Garam adopted List of social and environmental impact and action plan, document number MSPO/SSCC/L-04/ISP, revision 04, issue 04 dated 01/06/2021.</p> <p>The table include topic on activity, social impact and improvement plan.</p> <p>Example of environmental and social activity:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Activity</th> <th style="width: 25%;">Chemical Spraying</th> <th style="width: 25%;">Harvesting</th> </tr> </thead> <tbody> <tr> <td>Impact</td> <td>Disposal of empty chemical container</td> <td>FFBs stolen</td> </tr> <tr> <td>Action plan</td> <td>Triple rinsed, punctured and proper storage</td> <td>Report to MPKK and Police station.</td> </tr> </tbody> </table> <p>Field interviews with sampled smallholders informed they understand that empty chemicals shall be triple rinse and puncture if not reused for chemical spraying activity.</p> <p>Site inspection verified no empty containers sighted in the field. Empty container used for spraying activities are labeled with 'X'.</p>	Activity	Chemical Spraying	Harvesting	Impact	Disposal of empty chemical container	FFBs stolen	Action plan	Triple rinsed, punctured and proper storage	Report to MPKK and Police station.	Yes
Activity	Chemical Spraying	Harvesting									
Impact	Disposal of empty chemical container	FFBs stolen									
Action plan	Triple rinsed, punctured and proper storage	Report to MPKK and Police station.									

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<b>Principle 1: Management Commitment &amp; responsibility</b>		
Indicator	Summary of Assessment	Compliance
4.1.2.2	<p>SPOC S19 Bukit Garam distribute “Warta Sawit” to smallholders on either via Latihan Khidmat Nasihat (LKN) or MSPO training. Latest Warta Sawit available is Bil. 80(1) Jan – Apr 2022.</p> <p>Field interviews with sampled smallholders informed they have obtain the new information on oil palm management during the MSPO training.</p> <p>Example: SPOC S19 Bukit Garam manager distribute Warta Sawit to smallholders during MSPO training dated 02/06/2022.</p>	Yes

<b>Principle 2: Transparency</b>		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S19 Bukit Garam adopted MPOB Guidance for Financial and economy, document number MSPO/SSCC/GP-01/PEK, revision 4 dated 01/06/2021. The procedure has describe on:</p> <p>The guideline include flow chart describing the steps approached for delivery of FFB to ramp operator / collection center or mill with type of documents include documents below:</p> <ul style="list-style-type: none"> <li>i. Sale receipts;</li> <li>ii. Weighbridge ticket;</li> <li>iii. Enter BRL;</li> <li>iv. Keep Receipt;</li> <li>v. Collect records and prepare summary.</li> </ul> <p>Field interviews with sampled smallholders informed FFB production, fertilizer and chemical application recorded in the BRL.</p> <p>Reviewed BRL of smallholders with information of FFB production.</p> <p>SPOC S19 Bukit Garam maintained records of FFB sales in smallholders’ individual file.</p>	Yes
4.2.1.2	<p>SPOC S19 Bukit Garam Group Manager maintained records of FFB production updated as at July 2022.</p> <p>SPOC S19 Bukit Garam maintained records of FFB sales and weighbridge ticket in smallholders individual file.</p> <p>Field interviews with sampled smallholders informed FFB sales receipts and weighbridge tickets are maintained.</p>	Yes

<b>Principle 3: Compliance to legal requirements</b>		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC S19 Bukit Garam established Legal Register for Sabah, Malaysia, document no. MSPO/SPOC//L-01/SKU, dated 01/06/2021.</p>	Yes

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<b>Principle 3: Compliance to legal requirements</b>		
Indicator	Summary of Assessment	Compliance
	<p>Training on awareness of legal documents conducted for smallholders on 02/06/2022.</p> <p>Sampled smallholders MPOB licenses are valid and a copy of license is kept in smallholder's individual file.</p> <p>Example: Smallholders 'x' MPOB license validity from 01/10/2021 to 30/09/2026.</p>	
4.3.2.1	<p>SPOC S19 Bukit Garam sampled smallholders' land titles are country lease title, native title or PT land.</p> <p>The activity stated in the actual use of land title is for the purpose of the cultivation of an agriculture crop of economic value.</p> <p>The CL land titles issue by Sabah Land Authority with tenure of 99 years.</p> <p>The native land titles are freehold status.</p> <p>All members with PT land obtain the "Surat Pengesahan PT" from Lands and Surveys Department.</p> <p>There are no dispute recorded lodged for SPOC S19 Bukit Garam.</p>	Yes
4.3.3.1	<p>SPOC S19 Bukit Garam sampled smallholders' land titles are country lease title, native title or PT land.</p> <p>The native land titles issue by Sabah Land Authority with freehold status.</p> <p>All members with PT land in SPOC S19 Bukit Garam obtain the "Surat Pengesahan PT" from Lands and Surveys Department stated land application status currently under technical process.</p> <p>Site interview with group manager and sampled smallholders informed there is no land dispute occurs.</p>	Yes
4.3.3.2	<p>SPOC S19 Bukit Garam sampled smallholders land titles have maps includes location, lot number, size of the area and boundary stone markers.</p>	Yes

<b>Principle 4: Social Responsibility, health, safety and employment conditions</b>		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>SPOC S19 Bukit Garam adopted MPOB Guidelines Complaint and Grievance, document number MSPO/SPOC/SOP-01/AR, issue 04, revision 02 dated 01/06/2021.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> <li>1. The flow chart in the SOP describes grievance and complaint process is to be resolved within 14 days;</li> <li>2. Group manager is in charge in handling the complaint and grievances;</li> <li>3. Grievance and complaint records are archived and maintained.</li> </ol>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Review on ‘Taklimat MSPO” report verified the complaint and grievances procedure has been briefed to smallholders dated 02/06/2022.</p> <p>Field interviews with sampled smallholders informed they understand the complaint and grievance procedure and process flow.</p>	
4.4.1.2	<p>SPOC S19 Bukit Garam adopted MPOB Guidelines Complaint and Grievance, document number MSPO/SPOC/SOP-01/AR, issue 04, revision 02 dated 01/06/2021.</p> <p>Review the SOP stated time line to resolve disputes within 14 days.</p> <p>Stated in the SOP person in charge is Group Manager. The Group Manager is assigned for:</p> <ul style="list-style-type: none"> <li>• Accepting the grievances;</li> <li>• Analyzed and investigate on issue raised.</li> </ul> <p>Any complaint outside the scope of the group manager it will refer to other parties or MPOB HQ.</p> <p>Field interviews with sampled smallholders informed they understand the complaint and grievance procedure and process flow.</p>	Yes
4.4.2.1	<p>SPOC S19 Bukit Garam adopt MPOB Guidelines Occupational Safety &amp; Health, document number MSPO/SPOC/GP-02/KKP, issue: 3, revision: 0 effective date: 01/06/2021.</p> <p>SOP describes:</p> <ul style="list-style-type: none"> <li>• Responsibility of GM and smallholders regarding safety and health;</li> <li>• Procedure and type of PPE used for harvesting, manuring and spraying.</li> </ul> <p>Document review on ‘Taklimat MSPO” report, safety and health training has been conducted on 02/06/2022.</p> <p>Field interviews with sampled smallholders informed they have been briefed on importance of safety and health during working in field.</p> <p>Example:</p> <p>Wearing of PPE for chemical spraying activity: Apron, face mask, goggle, safety boot, rubber hand glove and safety helmet.</p>	Yes
4.4.3.1	<p>SPOC S19 Bukit Garam adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form has included payment rates for operational activities such as harvesting, chemical spraying, manuring and pruning.</p> <p>Field interviews with sampled smallholders informed, they working by themselves or assisted by family members in carrying out field operations.</p>	Yes
4.4.3.2	<p>SPOC S19 Bukit Garam adopted MPOB MSPO application form with a statement “provide equal opportunity and treatment regardless of race,</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.</p> <p>SPOC S19 Bukit Garam adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>There are no complaints related to discrimination during documents review.</p> <p>Field interviews with sampled smallholders informed no discrimination occurs.</p>	
4.4.3.3	<p>SPOC S19 Bukit Garam adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form has included payment rates for operational activities such as harvesting, chemical spraying, manuring and pruning.</p> <p>Field interviews with sampled smallholders informed they are working by themselves and assisted by family members in carrying out field operations or hiring casual workers.</p> <p>Field interviews with sampled smallholder informed the casual worker is paid according to the agreeable rates.</p>	Yes
4.4.3.4	<p>Site inspection at sampled smallholders farms verified, there is no on-site living quarters.</p>	Yes
4.4.3.5	<p>SPOC S19 Bukit Garam adopted MPOB Employment Terms document number MSPO/SPOC/SMP-01, rev-02 updated 01/06/2021.</p> <p>The form describe:</p> <ul style="list-style-type: none"> <li>Not to employ young workers below the age of 15-18 years old, for working in dangerous and heavy work.</li> </ul> <p>Field inspection at sampled smallholders' farms sighted no hiring of underage workers in the field.</p>	Yes
4.4.4.1	<p>SPOC S19 Bukit Garam established training programme year 2022. The training programme include 'Taklimat MSPO, GAP and LKN visit.</p> <p>Review on training record year 2022 verified there is training carried out for smallholders.</p> <p>Example:</p> <p>Title: Taklimat MSPO; Date: 02/06/2022.</p> <p>Field interviews with sampled smallholders informed they have been briefed on MSPO implementation in farms.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services														
Indicator	Summary of Assessment	Compliance												
4.5.1.1	<p>SPOC S19 Bukit Garam adopted MPOB List of Social, Environmental impacts and action plan, document number: MSPO/SPOC/L-04/ISP, version: 04, dated 01/06/2021.</p> <p>Environmental impact and action plan:</p> <p>Activity: Chemical application;</p> <p>Environmental impacts: Water pollution due to chemical application near to drains;</p> <p>Action plan: Continuous of good agricultural practice and advisory visit by TUNAS officer.</p> <p>Document review verify environmental training has been conducted on 27/07/2022.</p> <p>Field interviews with sample smallholders informed they have been briefed on the environmental impacts for chemical application at farm.</p>	Yes												
4.5.2.1	<p>Field visits to sampled smallholder’s farm indicates there is no renewal energy use.</p> <p>Field interviews with sampled smallholders informed they are not using any renewable energy at farm.</p>	Yes												
4.5.3.1	<p>SPOC S19 Bukit Garam adopted MPOB list of chemical and domestic waste, document number: MSPO/SPOC/L-03/SRD, issued: 4 dated 01/06/2021.</p> <p>Example:</p> <p>From agriculture input:</p> <table border="1" data-bbox="347 1402 1197 1839"> <thead> <tr> <th>Agricultural input</th> <th>Waste produced</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Pesticides Herbicides</td> <td>                     1. Empty chemical containers;                      2. Chemical residue after triple rinse                      3. Contaminated rags                      4. Contaminated soil while spillage                      5. Smoke produce during combustion                 </td> <td>                     1. Breeding ground for mosquitoes;                      2. Water pollution                      3. Air pollution                 </td> </tr> </tbody> </table> <p>From non-agricultural input:</p> <table border="1" data-bbox="347 1906 1216 2009"> <thead> <tr> <th>Non-Agricultural equipment</th> <th>Waste produced</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Agricultural input	Waste produced	Impact	Pesticides Herbicides	1. Empty chemical containers; 2. Chemical residue after triple rinse 3. Contaminated rags 4. Contaminated soil while spillage 5. Smoke produce during combustion	1. Breeding ground for mosquitoes; 2. Water pollution 3. Air pollution	Non-Agricultural equipment	Waste produced	Impact				Yes
Agricultural input	Waste produced	Impact												
Pesticides Herbicides	1. Empty chemical containers; 2. Chemical residue after triple rinse 3. Contaminated rags 4. Contaminated soil while spillage 5. Smoke produce during combustion	1. Breeding ground for mosquitoes; 2. Water pollution 3. Air pollution												
Non-Agricultural equipment	Waste produced	Impact												



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Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Indicator	Summary of Assessment		Compliance
	<p>Chemical Pump</p> <ol style="list-style-type: none"> <li>1. Chemical residue discharge into the water course.</li> <li>2. Contaminated pumps.</li> <li>3. Spill of lubricant oil from pump to onto soil.</li> </ol>	<ol style="list-style-type: none"> <li>1. Breeding ground for mosquitoes;</li> <li>2. Polluting water sources.</li> </ol>	
	<p>During field visits observed empty chemical containers are used to store water for chemical spraying activities.</p> <p>Document review on environmental training has been conducted on 27/07/2022 include topic on waste management and disposal.</p> <p>Field interviews with sampled smallholders informed they have been briefed on empty chemical containers can be recycle and reused after conducted triple rinsing.</p>		
4.5.3.2	<p>SPOC S19 Bukit Garam adopted MPOB SOP MPOB SOP for Scheduled Waste Management, doc no: MSPO/SPOC/SOP-03/BRP issue 4 effective date 01/06/2021.</p> <p>The SOP describe:</p> <ol style="list-style-type: none"> <li>1. To conduct triple rinsing for each empty chemical container before disposed;</li> <li>2. To put marking on empty chemical container for chemical mixing purposes;</li> <li>3. All scheduled waste shall be disposal according to the Environmental Quality (Scheduled waste) Regulations, 2015.</li> </ol> <p>Document review verify SPOC Bukit Garam established “Rekod Pengurusan Bahan Buangan Terjadual 2022” to monitor of scheduled waste generated such as empty chemical containers and fertilizer bags.</p> <p>Field visits to sampled smallholders farms confirmed no empty chemical containers left in the farm.</p> <p>Field interviews with sampled smallholders informed they recycled and reused the empty chemical containers.</p>		Yes
4.5.4.1	<p>SPOC S19 Bukit Garam adopt MPOB Guidelines River Buffer Zone, doc no.: MSPO/SPOC/GP-03/ZPS, issue 4 dated 01/06/2021.</p> <p>The SOP describes:</p> <ol style="list-style-type: none"> <li>1. Guideline on buffer zone length;</li> <li>2. No activities such as chemical spraying and manuring;</li> <li>3. Flow chart on buffer zone establishment.</li> </ol> <p>Document review verify briefing on environmental conducted to smallholders on 27/07/2022 include topic on buffer zone management.</p>		Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	Field interviews with sampled smallholders informed they understand the need to conserve the buffer zone areas and not to carry out any chemical spraying or manuring activity near the waterways.	
4.5.4.2	Field interviews and farms visits observed sampled smallholders practice rain harvesting using drum for chemical spraying.	Yes
4.5.5.1	<p>SPOC S19 Bukit Garam adopted MPOB List of Social, Environmental impacts and action plan, document number: MSPO/SPOC/L-04/ISP, version: 04, dated 01/06/2021.</p> <p>SPOC S19 Bukit Garam established list of wildlife identified by Pejabat Perhilitan Daerah Kinabatangan dated 22/09/2022.</p> <p>Example of wildlife:</p> <ol style="list-style-type: none"> <li>1. Wild boar;</li> <li>2. Elephant;</li> <li>3. Crocodile;</li> <li>4. Monkey;</li> <li>5. Jungle fowl;</li> <li>6. Wild cat.</li> </ol> <p>Document review verify briefing on environmental conducted to smallholders on 27/07/2022 include topic on wildlife management and requirement.</p> <p>Field interviews with sampled smallholders informed they sighted the monkeys and jungle fowl within their farm.</p>	Yes
4.5.6.1	<p>SPOC S19 Bukit Garam adopted MPOB Guidelines Zero Burning Practices, doc. No. MSPO/SPOC/GP-04/APS, issue 4 rev. 01, effective date 01/06/2021.</p> <p>SOP describes the responsibilities of all parties in caring for the environment by not practicing open burning during the work of opening plantations or replanting oil palm.</p> <p>Documents review verify briefing on environmental conducted to smallholders on 27/07/2022 include topic on zero burning requirement.</p> <p>Field visits observed no open burning practice within the smallholders' farms.</p> <p>Field interviews with sample smallholders informed they only practice with felling and mulching palm trees during replanting.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S19 Bukit Garam adopted MPOB Guideline “Garis Panduan Pelan Daya Ekonomi dan Kewangan”, document number: MSPO/SPOC/GP-01/PEK, rev 4, updated on 01/06/2021.</p> <p>The procedure describes:</p> <ol style="list-style-type: none"> <li>1. Good agricultural practice starting from land preparation until harvesting;</li> <li>2. Dosage of fertilizer and chemical application on field;</li> <li>3. Calculation on smallholders yield, RM / hectare / year.</li> </ol> <p>SPOC S19 Bukit Garam briefed on Good Agriculture Practice (GAP) to smallholders during MSPO programme on 02/06/2022 and LKN visits.</p> <p>Example of LKN visits carried out on 15/09/2022 and 09/09/2022.</p> <p>Field visits at sampled smallholder’s farms observed smallholders implemented GAP such as:</p> <ul style="list-style-type: none"> <li>• Proper stacking of fronds;</li> <li>• Good maintenance of harvesting path.</li> </ul> <p>Field interviews with sampled smallholders informed they have been briefed on GAP such as fronds stacking during LKN visit.</p>	Yes
4.6.1.2	<p>SPOC S21 Sukau established visual identification for each smallholder with information of smallholders’ name, field address, GPS coordinate, lot size and year of planting.</p> <p><b>Non-conformity:</b></p> <p>During site inspection at sampled smallholders (new members) farms, observed no visual identifications established.</p>	No
4.6.2.1	<p>SPOC S19 Bukit Garam adopted MPOB guideline Economic and Financial Plan, document no. MSPO/SPOC/GP-01/PEK, issue 3, no. revision 04 dated 01/06/2021.</p> <p>All other operation budgets and costs are under the control of MPOB HQ.</p> <p>Document review verify evidence of budget approval for MSPO training and LKN visit. The budget includes MSPO training, LKN and miscellaneous expenses.</p>	Yes
4.6.3.1	<p>SPOC S19 Bukit Garam monitors FFB pricing on monthly basis through input from selected mills/ ramps or dealers for fair price.</p> <p>Field interviews with sampled smallholders informed they have access to the FFB prices via phone call and FFB price display on mill or dealer’s weighbridge.</p>	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	SPOC S19 Bukit Garam established list of smallholders and planting statement with no new planting. The first planting is in year 1980 and the latest replanting is in year 2019. There are no new plantings for existing and new members in year 2022. Therefore, assessment on high biodiversity area is not required.	Yes
4.7.2.1	SPOC S19 Bukit Garam established list of smallholders and planting statement with no new planting. The first planting is in year 1980 and the latest replanting is in year 2019. There are no new plantings for existing and new members in year 2022. Therefore, no soil survey or topography is required	Yes
4.7.3.1	SPOC S19 Bukit Garam established list of smallholders and planting statement with no new planting. The first planting is in year 1980 and the latest replanting is in year 2019. There are no new plantings for existing and new members in year 2022. Therefore, no data for type of terrain available.	Yes

## 4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
<b>X</b>	No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, the finding will be raised to a Major non-conformity.</i></p> <p><i>Note 2: All major and minor NCs raise in last audit are required to capture in this report together with the review of the non-compliance implementation.</i></p>	

## 4.5. Detail of Audit Findings in last Audit

AUDIT OUTCOME		
During last audit	0	<b>MAJOR Non-Conformities</b>
	0	<b>MINOR Non-Conformities</b>

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## 4.6. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

ON-SITE AUDIT OUTCOME		
During this onsite audit,	1	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Non Conformity Number <01>			
<b>Indicator # and Description</b>	Indicator: 4.6.1.2 A visual identification or reference system shall be established for each field or block of oil palm planting. (MAJOR)		
<b>Location:</b>	SPOC S19 Bukit Garam		
<b>Description of Finding / Objective Evidence:</b>			
During site inspection at sampled smallholders (new members) farms, observed no visual identifications established.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Ariff Bin Lokman	<b>Date Raise:</b>	28/09/2022
<b>Deadline for implementation</b>		27/11/2022	
<b>Root Cause Analysis (by company):</b>			
Smallholders have been given visual identifications signage, but forget to install in the field.			
<b>Correction (by company):</b>			
Visual identification has been installed			
<b>Corrective / Preventive Action (by company)</b>			
Periodically surveillance monitoring to smallholders field by time to time.			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			
Review on the LKN visit smallholders farms for monitoring the visual identification has been established. Document provided include pictorial evidences of installed visual identification at smallholders farms. Based on the documents provided, it is sufficient to close the nonconformity. Further verification will be reviewed on the next audit.			
<b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		<b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Name of Lead Auditor:</b> Ariff Bin Lokman		<b>Date of Closure:</b> 26/10/2022	
<b>Review of Implementation</b>			
<b>Name of Lead Auditor / Auditor:</b>		<b>Date of Review:</b>	

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Nr.	Indicator	Description	Location	Opportunity for Improvement
1.	4.1.2.1	The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder's group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement.	Field	SPOC S19 Bukit Garam could improve CIP to include action plan for MPOB license updated.
2.	4.2.1.2	To keep records of sales and delivery or transportation of fresh fruit bunches.	Field	SPOC S19 Bukit Garam could improve on traceability awareness for new smallholders.
3.	4.4.4.1	Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.	Field	SPOC S19 Bukit Garam could consider improve MSPO training to new members.
4.	4.5.3.2	Independent smallholders shall ensure that waste from the smallholdings is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers.	Field	SPOC S19 Bukit Garam could improve empty chemical container management.
5.	4.6.1.1	All independent smallholders oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards, ISO Standards and the Kod Amalan Baik (GAP) Pekebun Kecil	Field	SPOC S19 Bukit Garam could improve good agricultural practises (GAP) on: <ul style="list-style-type: none"> <li>• Weed control;</li> <li>• Fertilizer application;</li> <li>• Open burning.</li> </ul>

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## 5. CONCLUSION

Malaysia Palm Oil Board has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) for SPOC S19 Bukit Garam consisting of 1,186 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

There is 1 Major NC raised in this audit and closed out successfully.

From the review of the standard operating procedures, guidelines, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TÜV NORD (Malaysia) with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified organisation has been established, implement and continue to improve in managing the independent smallholders are in line with the Principles & Criteria of the applied standard MS 2530-2:2013 Part 2 General Principles for Independent Smallholders.

As a result of this audit, the audit team confirms that:

Total certified number of independent smallholders:	1,186
Total certified acreage of smallholders:	6,747.3134 Ha

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## 6. RECOMMENDATION

The audit team conducted a process-based audit focussing on significant aspects / risks and objectives required by the standard(s). The audit methods used are interviews, observations, sampling of activities, review of documentation and records.

Any audit is based on sampling within an organization's management system and therefore is not guarantee of 100 % conformity with requirements.

The structure of the audit is in accordance with the audit plan included with this summary report as an annex.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for production and management within the scope and the organisation's policies and objectives.

Therefore, the audit team recommends that, based on the results of this audit and the system demonstrated state of development and maturity that the certification to be

	Recommended for Certification
X	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 12/10/2022

Ariff Bin Lokman  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

Puchong, 14/11/2022

Navin Baskram  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver



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### 7. LIST OF STAKEHOLDERS

No stakeholders' consultation conducted in accordance to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit. Therefore, no stakeholders listed.

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Audit Type: ASA 11  
Mode of Audit: Onsite



## Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent by the certification body to the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore, nonconformities of weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body. Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regards to the management system.

## Annex / Enclosures

Annex /  
corresponding audit documentation

- P&C Audit Report / Checklist(s)
- Audit Plan